From:	Stan Sokolowski <ssokolowski@cifc.com>
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CC:	
Date:	Fri, 7/24/2015 6:48:52 PM
Subject:	Daily Update

Quote of the Day

"Don't ask the barber whether you need a haircut" – Warren Buffet

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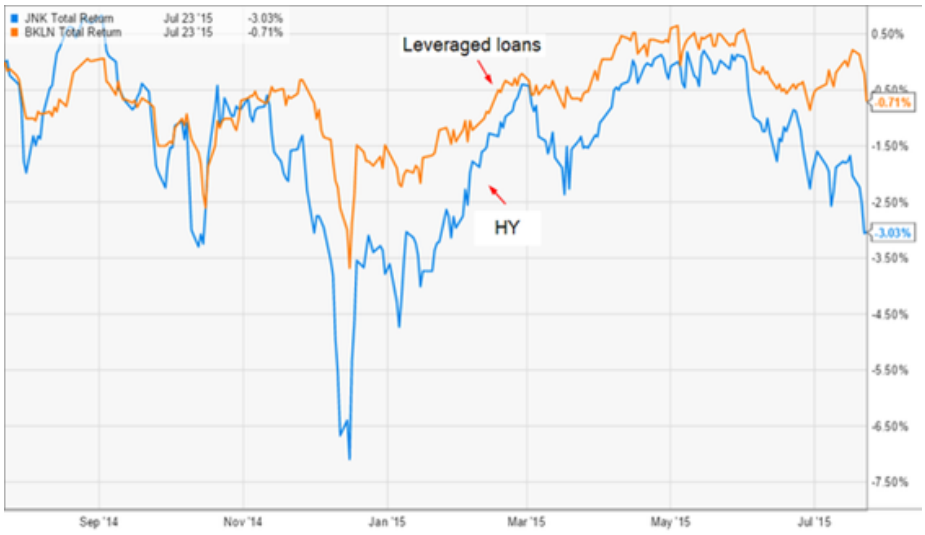
- Happy Friday. It's been a bumpy week of capital destruction for a number of investors in the financial markets. The S&P has basically been flat all year (see chart below). Today smells of fatigue and a desire to get the day over. In overnight price action, Europe is flatish and Asia was red. Fixed Income has been rallying for two weeks as there is a whiff in the air of a economic slowdown. However, US economic data has mostly been meeting expectations (Retail sales and Factory Order were the big exceptions). US earnings overnight were generally positive (see AMZN, SBUX, V et al.). CAT missed and reduced guidance. Also, a number of firms have instituted cost cutting initiatives. China had a bad data print last night. The factory sector there contracted at its fastest pace in fifteen months suggesting world's second largest economy is struggling to get off the mat. Commodity land continues to confirm the whiff of a global slowdown as oil, copper and gold are in the midst of an ongoing slide (oil has entered a bear market, again…). It feels bad enough that I would expect a bounce however, conditions do not seem over-sold enough yet. Stay strapped in… Futures: -5. 10 year: 2.27%

S&P 500

- Data: PMI and New Home Sales later this morning

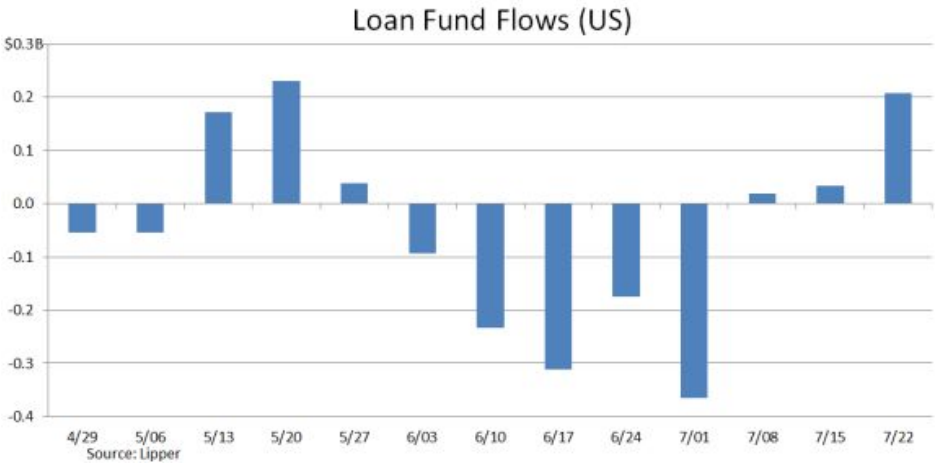
- Credit: The loan market was off about 1/8 yesterday. The Commodity and Energy slaughter continues. High yield C&E bonds down 3pts to 5pts yesterday. Overall, high yield bonds were down over a point this week. The LL 100 Index is at its lowest level since December. The high beta / CCC non C&E loan spill-over is starting…. The core loan market (away from C&E) has been holding. However, we have heard reports that the low spread, higher quality, gogo names are seeing pressure has risk managers need to sell what they can (not what they want…). 10 CLOs for $5.3bn have priced this month (146 for $146bn ytd).

Loans vs. Bonds

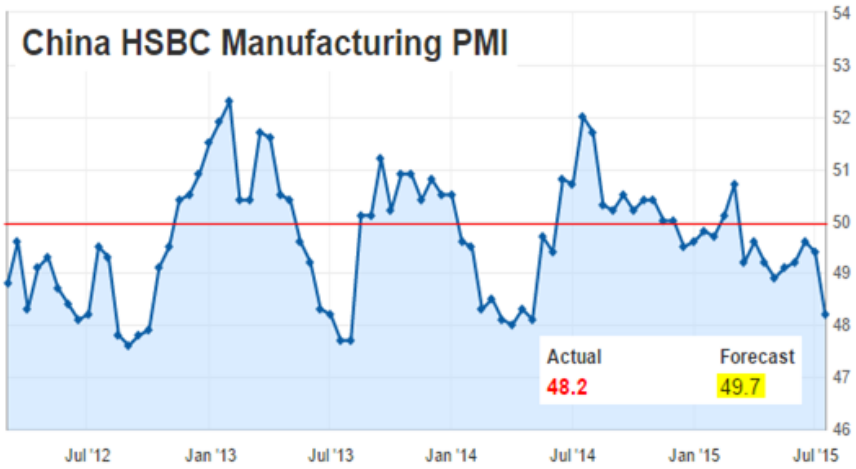

JNK Total Return Jul 23 '15 -3.03%
BKLN Total Return Jul 23 '15 -0.71%
Leveraged loans
HY
0.50%
-0.71%
-1.50%
-2.50%
-3.03%
-3.50%
-4.50%
-5.50%
-6.50%
-7.50%
Sep '14
Nov '14
Jan '15
Mar '15
May '15
Jul '15

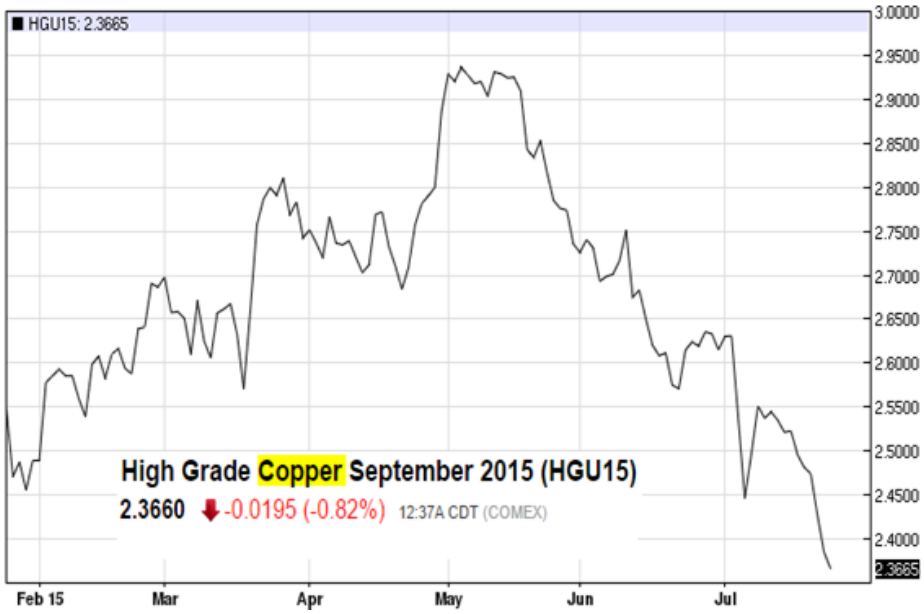
BDC Pain

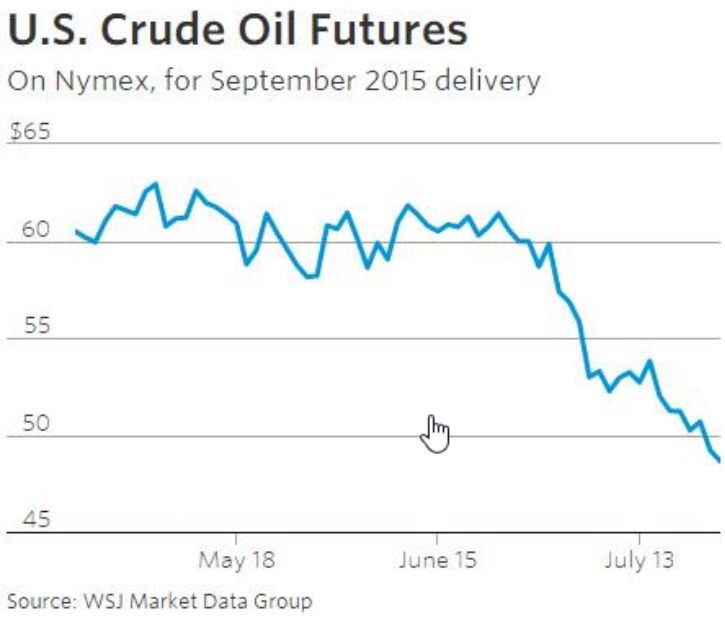
BDCS Price Jul 23 '15 21.41
25.75
25.25
24.75
24.25
23.75
23.25
22.75
22.25
21.75
21.41
21.25
Sep '14
Nov '14
Jan '15
Mar '15
May '15
Jul '15

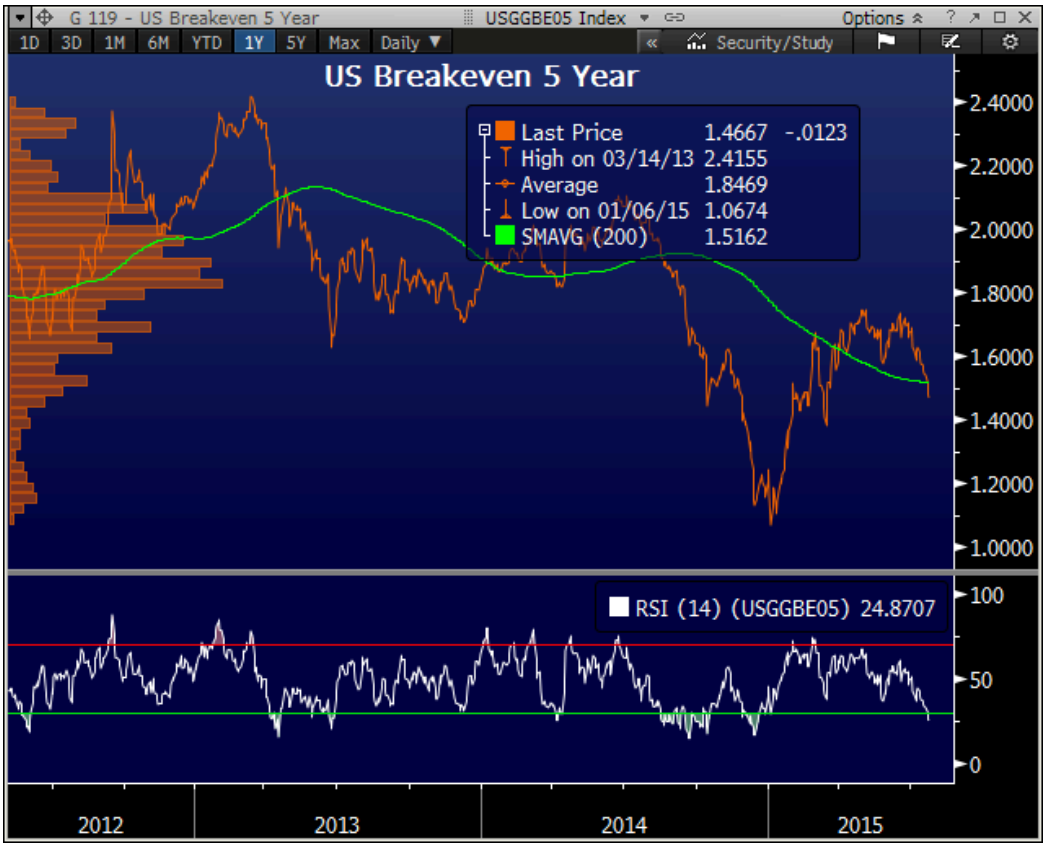

Loan Fund Flows (US)
$0.3B
0.2
0.1
0.0
-0.1
-0.2
-0.3
-0.4
4/29
5/06
5/13
5/20
5/27
6/03
6/10
6/17
6/24
7/01
7/08
7/15
7/22
Source: Lipper

- Charts of the day:



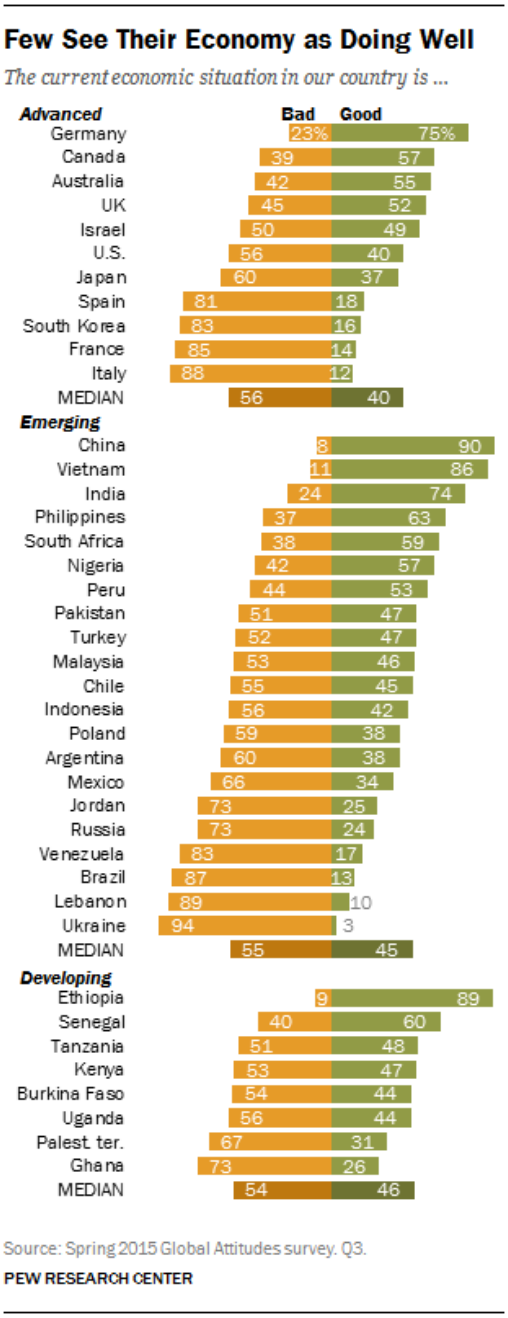

HGU15: 2.3665
3.0000
2.9500
2.9000
2.8500
2.8000
2.7500
2.7000
2.6500
2.6000
2.5500
2.5000
2.4500
2.4000
2.3665
High Grade Copper September 2015 (HGU15)
2.3660 -0.0195 (-0.82%) 12:37A CDT (COMEX)
Feb 15
Mar
Apr
May
Jun
Jul


U.S. Crude Oil Futures
On Nymex, for September 2015 delivery
$65
60
55
50
45
May 18
June 15
July 13
Source: WSJ Market Data Group



- Other:
  - The Donald (remind me, who else is running again?…) =>
    - http://www.nationaljournal.com/the-cook-report/trump-free-scenarios-for-2016-20150724
    - http://www.reuters.com/article/2015/07/24/usa-election-trump-republicans-idUSL1N1032GG20150724
    - http://www.wsj.com/articles/donald-trump-is-with-the-gop-for-now-14376950497mod=wsj_nview_latest

- Tennessee is the Capital of American Jihad http://www.politico.com/magazine/story/2015/07/chattanooga-shooter-carlos-bledsoe-120530_full.html?print#.VbI-obNVhBc
- China…



- HY: 106 (-1/16)
- IG: 70 3/16 (+7/16)
- CSLLI: 0.23% mtd / 3.10% ytd

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